



STATE OF WASHINGTON
DEPARTMENT OF LICENSING
PO Box 9020, Olympia, Washington 98507-9020
Washington Real Estate Commission
Meeting Minutes
December 1, 2006

Opening: Vice Chairman Paul Chiles called the regular meeting of the Washington Real Estate Commission to order at 9:05 a.m. on Friday, December 1, 2006, at the DoubleTree Hotel, SeaTac, Washington.

Members Present: Paul Chiles, Commissioner/Vice Chair
George Pilant, Commissioner
Jim Carollo, Commissioner
Cate Moye', Commissioner
Bob Spain, Commissioner
Suki Bazan, Commissioner

Staff Present: Lee Malott, Administrator
Jerry McDonald, Assistant Administrator
Marjorie Hatfield, Secretary Administration
Jody Campbell, AAG

Prior to the formal opening of the December Real Estate Commission meeting, Commissioner Paul Chiles introduced Cate Moye', newly appointed Real Estate Commissioner, and Jody Campbell, Assistant Attorney General adviser to the Real Estate Program. Commissioner Moye' is from Spokane and the President of the Board of Trustees for Spokane Community College and Broker/Owner of Windermere Valley Inc., and Windermere/Liberty Lake. Jody is a graduate of George Washington University Law School and has been involved in commercial and construction litigation.

OPEN SESSION

A. Approval of Agenda

The agenda was approved as written and distributed.

B. Approval of Minutes

The minutes of the September 19, 2006 were approved as written with the exception of a clarification of Section L, entitled Washington Center for Real Estate Research. Clarification of this item was postponed to the March 2007 Commission meeting since

Glenn Crellin's (Director of the WCRER) flight from Pullman, Washington was cancelled due to inclement weather.

C. Election of Vice Chair

Nominations were accepted for the position of Vice Chairman for the year 2007. Commissioner Bob Spain, nominated by Commissioner Bazan, declined the nomination because of prior commitments for the year 2007. Commissioner Carollo nominated Commissioner Chiles. Commissioner Chiles accepted the nomination and was unanimously elected as Vice Chairman of the Real Estate Commission for the year 2007.

D. Selection of 2007 Commission Meeting Dates and Locations

Commissioner George Pilant noted the December 2007 Commission meeting was scheduled for a Monday. If Pearson Vue (Promissor) is conducting item writing prior to the meeting, would this possibly cause conflict for staff and the testing service? Jerry McDonald indicated meeting dates could be changed. However, the requirement is for the Commission meeting schedule be filed with the Code Reviser in advance.

Commissioner Chiles noted the need to discuss meetings of interest for the coming year and the need to participate in ARELLO Spring Conference, Western District Conference and Fall Conference. With the approval of funds and authorization to attend the ARELLO Mid Year Conference in Banff, it was decided that either Commissioner Spain or Moye would attend. Staff will determine who is in line to attend the ARELLO Annual Conference in New York in September 2007.

E. Standing Committees and Membership

The Commission currently has two subcommittees of the Real Estate Commission, the Changing Businesses Practices Committee and the Education Committee. Both committees will remain for the 2007-year.

F. Report on Consolidation of Purchase and Sale Agreement

Annie Fitzsimmons, Attorney for the Washington Realtors gave a report on the consolidation of the purchase and sale agreement noting the consolidation is a work in progress. Sandy Hendricks of the Vancouver area indicated to Ms. Fitzsimmons that they were not officially part of the stakeholder group but would like to offer their comments and support. Attorney Fitzsimmons indicated the Northwest Multiple Listing Service, Spokane Board of Realtors, and the Washington Realtors have contributed ideas on this project. Annie hoped that within the next year there would be a statewide purchase and sale agreement with all addendums in place. As noted by Attorney Fitzsimmons, the concept gave birth in September so this idea is still in its infancy. At this time all revision efforts are being focused on the purchase and sale agreement and addenda support that support that form.

G. Promissor Presentation

Barbara Sprindis, Account Manager for Pearson Vue (Promissor) and Melissa Billings, Senior Content Development Editor, gave a short PowerPoint presentation on their work with the Department on testing services provided. Ms. Sprindis noted that Pearson Vue had recently purchased Promissor. Ms. Billings spoke on the testing review process and what staff, Commissioners and providers had been doing the previous two days. The group reviewed each and every item ensuring that each question complied with the laws and regulations governing real estate licensing.

Dave Rockwell, school provider, spoke of a concern regarding reports that are no longer provided to the schools. Jerry McDonald, Assistant Administrator, indicated that the Department's contract is with Pearson Vue (Promissor) and the reports should be provided only to the Department. The Commission asked if in the next contract Pearson Vue (Promissor) could provide feedback to the schools with reports on what areas need more instruction based upon the schools' pass/fail rate.

Barbara Sprindis spoke on their process of fingerprinting. Fingerprinting is being done in the state of Washington. However, fingerprinting is not required of real estate candidates. Barb noted that fingerprinting enhances consumer protection, it is an efficient process and it has a very low rejection rate. Digital fingerprinting is the process currently being used by Pearson Vue (Promissor). The Commission asked that the idea of fingerprinting be placed on the agenda for the March Planning Session.

H. By-Laws

Commissioner Chiles noted that the Commission has been operating without by-laws and the staff has drafted a tool to incorporate the way the Commission does business. Jerry McDonald noted the only change to the by-laws draft is on the last page. The change is Vice Chairman to Commissioner under Commissioner Carollo's name. As no other changes were indicated, Commissioner Pilant voted for approval of the by-laws with the one exception. No further discussion, the by-laws were approved as amended.

I. Subcommittee Reports

The Education Subcommittee met on October 27, 2006, with Commissioner George Pilant chairing the committee. On November 6, 2006, the Changing Business Practices Committee met with Commissioner James Carollo chairing that committee.

Education: Commissioner Pilant noted the input from the providers. Of particular importance was for the Department to provide better guidelines to the education providers. Providing better guidelines would help providers do a better job in educating in pre-licensing and continuing education for licensees. Other suggestions from the providers were:

- Automatic Course Renewals,
- Review reasons for Course Denial & Consumer Protection Issues in WAC 308-124H-025.
- Auditing Classes,
- Business & Brokerage Management Curriculums

Jerry McDonald will file a CR 101 to modify the rules. The WAC rules are 308-124H-013, 308-124H-025, and 308-124H-039.

Commissioner Chiles asked the Commission for a motion to move forward in filing a CR101. Commissioner Bazan made the motion. Motion approved and seconded.

Changing Business Practices Subcommittee: Commissioner Carollo indicated the substance of the telephone conference call was concerning the issue of a newsletter. Commissioner Carollo indicated the idea of a newsletter has been a topic of discussion with Commission members for several years. There is an inconsistency of information throughout the state in terms of communication about rules and regulations. With the growing number of licensees it is important that the communication process be improved for all licensees. It is the recommendation of the Commission to the Director to restart the newsletter in electronic format.

Commissioner Carollo noted whether the newsletter should be electronic or paper form. The conclusion drawn was the cost of producing paper and delivering papers to each licensee is somewhat prohibitive. With the ease of electronic delivery, this would be the best method of delivery. Obtaining email addresses is not an option because the information is subject to the public information act. The most effective way in distributing this information is through ListServ. ListServ is an email system that the Real Estate Program uses. However, licensees must actively ask to be on this service. The newsletter can also be posted on the Department of Licensing's, Real Estate website.

Commissioner Bazan spoke briefly about the ARELLO Conference and two sessions that were available on the "Tenants in Common" issue. Commissioner Bazan noted that Michael Stevenson from the Department of Financial Institutions would be attending the March 2007 Commission meeting to speak to the group.

Bob Mitchell, Washington Realtors suggested that Chris Osborne also attend the meeting. Chris has done a great deal of teaching on the issue of "Tenants in Common".

Commissioner Paul Chiles asked Anne Hartman, Broker with RE2K.Com Inc., to share her concern with the Commission regarding clock hours for school instructors. Anne is proposing a new WAC that approved real estate instructors in the state of Washington be given clock hour credit for teaching real estate courses. Ms. Hartman indicated the this topic has been around a long time and it is time to address the issue.

Commissioner Chiles asked that this issue be put on the agenda for the March 2007 Planning Session. If the Commission decides it is ideal to be considered, a CR101 will be filed and staff will proceed from that point.

J. Update from WCRER

A report from the Washington Center for Real Estate Research was unavailable.

K. Report on ARELLO

Lee Malott, Administrator, Jerry McDonald, Assistant Administrator, and Commissioner Suki Bazan attended the ARELLO Conference in Texas. Lee felt that this was a very educational meeting. The opportunity to network with other agencies and regulators is very educational.

L. Update on Multilingual Housing Guides

Lee Malott, Administrator, noted the importance of multilingual housing guides. The issue was brought to the attention of the Attorney General for an opinion on the utilization of educational money to develop these guides. Lee Malott stated that under present law, the use of funds is primarily for the benefit of licensees.

Paul Chiles asked the Commissioners if the interest was there to pursue the topic of multilingual guides. The Commissioners discussed this issue at length. Lee Malott reaffirmed that the expenditure of educational funds was not an option at this time but could possibly be in the future.

Bob Mitchell suggested that the Washington Center for Real Estate Research could be of help in this situation. Possibly the Center would collaboratively work with the Department of Financial Institutions, the Consumer Protection Division of the AAG's office and others in terms of having a distribution network as well as making them available to trade association groups and other entities who would interact with various ethnic communities.

Commissioner Chiles asked if the Commission could turn to the WCRER to define the problem, identify it, and propose a solution?

Commissioner Spain brought up the issue of criminal background checks and would like to see the Department explore the possibility. Commissioner Spain felt that developing a plan to do criminal background checks would improve the real estate industry more than any other plan the Commission could propose.

Lee Malott indicated background checks are a very expensive proposition and the background check would only include a criminal history with the Washington State Patrol. Many prospective applicants are from other states, and unless an FBI check is made only the Washington State records are divulged.

Commissioner Chiles asked that this issue be addressed at the March 2007 Planning Session. Paul Chiles asked staff to communicate with ARELLO and inquire as to how other states are dealing with this issue. Commissioner Chiles also asked Pearson Vue (Promissior) to provide the Commission the type of systems used in screening applicants.

M. Budget Report

The biennium budget report was reviewed. Expenditures savings, such as not filling vacant positions, are slightly under cost thus saving money to meet the budget at the end of the biennium. Contained in the packet is a report showing snapshot of the number of exams taken for the period of January 1 through October 31, 2006. Also noted is the total number of licensees and the complaints received, complaints closed by program, and those referred to investigations.

N. Focus Group

Jerry McDonald reported on the Focus Group roundtable discussions held after the September Commission meeting in Spokane. The group responded to the following questions:

- What are we (the Department) doing right?
- What could we do differently to improve?
- What do they see happening in the future that we should be prepared for?

The Department will continue holding focus groups. At the request of the Director, the June 2007 Commission meeting will be held in Vancouver and a focus group following the meeting. This will allow the Department to gain another prospect of the industry in another area of the state.

O. Other Business

Barb Sprindis from Pearson Vue (Promissor) noted that following the Commission meeting, she would be conducting a meeting and meet with school providers or other interested individuals to give them the opportunity to ask questions about the test and testing service.

The question was raised regarding a diagnostic tool provided by Promissor at one time that afforded schools information regarding the number of students schools had, what the overall pass rate was, and a break down by subject matter. This gave the providers a tool about what was successful and what needed improvement. Barb Sprindis indicated the report has been discontinued at this time but a new, easier to read report is being developed.

Jerry McDonald noted that he had spoken with the agency's contract officer. The report had been provided outside the contract and thus became a liability issue. The contract was with the Department and Promissor. The Department will look to see if this is an item that should be included in the next contract.

Commissioner Chiles asked that at the March planning session the Commission look at amending the contract in order that schools could again begin receiving this report.

Commissioner Carollo asked if the Department would send out follow-up information as to what it would take to change the contract and include samples of the new report. This will help in dealing with the subject matter at the March planning session.

Commission Carollo asked that at the March planning session the issue of multilingual forms and brochures are resolved.

Commissioner Chiles indicated that the issue of multilingual forms and brochures would take considerable time to resolve.

Lee Malott noted the status of the 18.85 rewrite. The House, Commerce & Labor Committee indicated the rewrite is not on their agenda.

Bob Mitchell shared that the eventual decision maker within his organizations was the association's executive committee as to whether the association would move forward making the licensing proposal part of their legislative package. The executive committee will be meeting and will have as an action item on their agenda what the process will be. There continues to be a number of external stakeholder issues that are significant as well as internal stakeholder issues regarding the overall proposal. Bob noted that he contacted the House, Commerce & Labor Committee to take this issue off the agenda for their legislative committee day, which are proceeding now. Bob shared that in light of the severity and scope of the concerns of the 25,000-member association, it would be very unlikely that they will move forward in 2007.

Jerry McDonald indicated that the Real Estate Program was still paying for the WSU website for the 18.85 rewrite.

A motion was made by Commissioner Paul Chiles to temporarily suspend the broadcasting of this website. Motion was approved and seconded.

There being no further business the meeting was adjourned.

Respectfully submitted,

Lee Malott

Administrator
Real Estate Program